



Kentucky Accomplishments for Fiscal Year 2005

The Farm Service Agency ensures the well-being of American agriculture, the environment and the American public through efficient and equitable administration of farm commodity programs; farm ownership, operating and emergency loans; conservation and environmental programs; and emergency and disaster assistance.

Kentucky FSA employees work hard to fulfill that mission.

Making Credit Available to Kentucky Producers

FSA makes and guarantees loans, and provides credit counseling and supervision to farmers who are temporarily unable to obtain private commercial credit. FSA loan applicants are often beginning farmers who do not qualify for conventional loans because of insufficient net worth, or established farmers who have suffered financial setbacks from natural disasters or economic down turns.

Under the Guaranteed Loan Program, FSA guarantees loans made by commercial agricultural lenders for up to 95 percent of any loss. FSA offers Direct Loans to those unable to qualify for a Guaranteed Loan.

\$ 53.4 Million Available to Kentucky producers: Kentucky Farm Service Agency county offices approved a total of 1,166 loans for \$53,463,074 to producers. In FY 2005, Kentucky made 977 direct loans for \$23.5 million. Kentucky

ranks 3rd in the nation with nearly 3,430 direct loan borrowers.

\$23.5 Million in Farm Ownership Loans: Farm ownership loans may be used to purchase or improve real estate or reorganize the farm business. During fiscal year 2005, 122 loans were approved making \$23,511,087 in credit available to Kentucky Producers through the FSA Direct and Guaranteed Farm Ownership Loan programs.

\$29.9 Million in Farm Operating Loans: Farm operating loan funds may be used for normal operating expenses, machinery and equipment, real estate repairs, and refinancing debt. In fiscal year 2005, 1,043 loans were approved totaling \$29,941,377 in Direct and Guaranteed Farm Operating Loans.

\$14.4 Million in Loans to Beginning Farmers: 313 of the Farm Operating and Farm Ownership loans made in fiscal year 2004 were made to beginning farmers. Loans totaled \$14,437,262.

\$2.6 Million in Loans to Socially Disadvantaged Applicants: A socially disadvantaged applicant is one of a group whose members have been subjected to racial, ethnic, or gender prejudice because of his or her identity as a member of the group without regard to his or her individual qualifications. 183 farm ownership and operating loans totaling \$2,618,018 were made to socially disadvantaged applicants in fiscal year 2005. Kentucky ranks 5th nationally in the

number of loans made to Socially Disadvantaged farmers.

\$10,610 in Emergency Loans: Kentucky producers received loans of \$10,610 to producers who suffered losses due to natural disasters.

Helping Kentucky Producers through Price Support and Farm Programs

Farm programs are designed to improve the economic stability and viability of the agriculture sector and to help ensure the production of an adequate and reasonably priced supply of food and fiber for American citizens.

Each program dollar paid to a producer turns over in the local community an estimated seven times.

\$ 115 Million in Farm and Program Support: Kentucky producers received \$115 in Commodity Credit Corporation program benefits in fiscal year 2005.

\$64.9 Million in Direct and Counter-cyclical Program Payments: The Direct and Counter-cyclical Program helps to stabilize U.S. agriculture by providing payments to eligible producers who enroll their farms each fiscal year during the life of the current farm bill. Over 64,000 Kentucky producers enrolled in the Direct and Counter-cyclical Program

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for fiscal year 2005 and received \$64,959,548 in direct payments.

\$3.2 Million in Marketing Assistance Loans: Marketing assistance loans provide producers interim financing at harvest time to meet cash flow needs without having to sell their commodities when market prices are typically at harvest-time lows. In fiscal year 2005, Kentucky made 48 commodity loans for \$3,233,857.

\$3.9 Million in Market Gains and Loan Deficiency Payments: Marketing assistance loans provide producers interim financing at harvest time. A producer realizes a marketing loan gain if the loan is repaid at less than the loan principal. Producers who agree to forgo a marketing assistance loan may obtain a Loan Deficiency Payment (LDP). Kentucky producers received \$3,945,272 in market gains and LDP payments in fiscal year 2005.

\$407,061 in Farm Stored Facility Loans: Loans are made to producers to build or upgrade farm storage and handling facilities. In FY 2005, 12 loans were disbursed totaling \$407,061.

\$53,823 in Milk Income Loss Contract (MILC) Payments: FSA's MILC program compensates dairy producers when domestic milk prices fall below a specified level. In FY 2005, Kentucky dairy operators received \$52,823 in payments to help compensate for low milk prices.

\$13.1 Million in Crop Disaster Assistance: Kentucky producers who suffered losses to agricultural commodities due to damaging weather or related conditions in 2003 or 2004 were reimbursed \$13,122,375. To qualify for reim-

bursement, production must have exceeded 35 percent and quality losses must have exceeded 20 percent.

\$58,058 in Noninsured Assistance Program (NAP) Payments: Eligible producers who suffered losses to noninsurable crops in Kentucky received \$58,058 under NAP for fiscal year 2005.

\$27.2 Million in Conservation Reserve Program Payments: Land owners enroll environmentally sensitive lands for terms of 10 to 15 years in the Conservation Reserve Program (CRP). In return for planting a protective cover, they receive an annual rental payment. Cost-share and incentive payments are also available. Kentucky has 15,139 contracts protecting 349,765 acres. Kentucky producers received \$27,298,939, making the state the 19th largest recipient of CRP funds nationally.

\$1.068 Million in Conservation Reserve Enhancement Program (CREP) Payments: CREP is a Federal, State, and Local partnership targeting an 8 county watershed of the Upper Green River. The Green River is the most biologically diverse and rich branch of the Ohio River system. At the end of FY 2005 there were 468 contracts covering 9,073 acres under CREP.

\$854,543 in Emergency Conservation Program Payments: ECP provides emergency cost-share funding for farmers to rehabilitate farmland damaged by natural disasters that create new conservation problems. The assistance may be used for removing debris from farmland; grading, shaping and releveling farmland; and restoring livestock fences. Kentucky producers received \$854,543 in fiscal year

2005 to help farmers restore farmland damaged by natural disasters.

\$243 Million in Tobacco Transition Payment Program (TTPP): The tobacco marketing quota and price support loan programs ended with the 2004 crop. Payments will be made under TTPP that are intended to help tobacco producers make the transition from a Federally regulated program which provided the safety net of price support loans, to an environment in which there will be no planting restrictions, no marketing cards, and no safety net of price support. Sign-up for TTPP began on March 14 and ended on June 17, 2005. Payments begin in 2005 and end in 2014. For 2005 TTPP payments, 224,859 contracts have been approved for \$243,184,495.

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